

**Testimony of John M. R. Kneuer
Assistant Secretary for Communications and Information
National Telecommunications and Information Administration
U. S. Department of Commerce
Before the
Special Committee on Aging
United States Senate**

**Hearing on
The Digital Television Transition and its Impact On Older Americans**

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Mr. Chairman and Members of the Committee, thank you for this opportunity to testify before you today. As you know, the National Telecommunications and Information Administration (NTIA), Department of Commerce, is responsible for the development and implementation of U. S. policies related to domestic and international telecommunications and for the effective use of Federal radio spectrum and state-of-art telecommunications research, engineering, and planning.

NTIA also administers grants in support of the equipment needs of public broadcasting stations and public safety interoperable communications.

NTIA's responsibilities expanded considerably with the enactment of the Deficit Reduction Act of 2005 ("Deficit Reduction Act" or "Act"). Specifically, the Act directed NTIA to administer over \$2 billion in new, one-time financial assistance programs using anticipated spectrum auction proceeds associated with the transition to digital television broadcasting. These programs include the Public Safety Interoperable Communications (PSIC) Grant Program as well as the Digital-to-Analog Converter Box Coupon Program, the subject of today's hearing. My testimony today will focus chiefly on NTIA's activities to date with respect to the Converter Box Coupon Program.

NTIA's Role in the Digital-to-Analog Transition

Title III of the Deficit Reduction Act, entitled the "Digital Television Transition and Public Safety Act of 2005," directed the Federal Communications Commission (FCC) to require full-power television stations to cease analog broadcasting on February 17, 2009. To avoid any unnecessary service disruptions for American television viewers during the conversion from analog to digital television broadcasting, the Act established, and directed NTIA to administer, a number of programs intended to bridge the gaps between the analog and digital platforms. One of the programs, the Digital-to-Analog Converter Box Coupon Program, was enacted to accommodate consumers that wish to continue receiving broadcast programming over the air using analog-only televisions not connected to cable, satellite, or other multi-channel video programming service.

The Digital-to-Analog Converter Box Coupon Program

Under the Digital-to-Analog Converter Box Coupon Program, eligible U.S. households may obtain up to two coupons of \$40 each to be applied toward the purchase of digital-to-analog converter boxes that will convert digital broadcast signals for display on analog television sets. The Act authorizes NTIA to use up to \$990 million to carry out the program, including up to \$100 million for program administration, of which \$5 million can be used for consumer education. It also authorizes an additional \$510 million in contingent funding to be available upon 60 days advance notice to Congress.

Activities to Date

I am pleased to announce that NTIA has made substantial progress in filling its requirements under the law to ensure that coupons for converter boxes will be available upon request to U.S. households beginning January 1, 2008. Because the auction receipts that fund this program are not anticipated to be available until after this date, NTIA entered into an agreement in May 2006 with the Department of the Treasury to borrow funds necessary to implement the Coupon Program. In March of this year, NTIA published regulations that set forth the framework for the Coupon Program and provide guidance to consumers, converter box manufacturers, and retailers wishing to participate in the program. Specifically, the regulations outline requirements related to household eligibility, converter box technical specifications, and retailer certification.

In March, NTIA also published a Request for Proposals (RFP) to procure end-to-end services to implement and administer the Coupon Program. I am pleased to report that on August 17, NTIA awarded this contract to IBM. IBM, together with three partners, will manage three broad, functional aspects of the coupon program: (1) systems processing (e.g., determining consumer eligibility, distributing and activating coupons, certifying retailers, and providing training materials); (2) financial processing (e.g., administering the processes to authorize coupons for redemption and ensure payment to retailers, and performing independent auditing); and (3) consumer education and communications. IBM's partners include Corporate Lodging Consultants which will oversee retailer certification and training as well as coupon redemption and payment; Epiq Systems which will handle coupon distribution and customer support; and Ketchum, a global public relations firm that will oversee the consumer education program.

Consumer Education Initiatives

The success of the transition will be judged by how smoothly and efficiently it occurs, which will depend to a critical extent on effective outreach to consumers. We understand that consumer education must be conducted at an optimal moment to afford consumers sufficient time to prepare for the transition. Consumers will need to know the options available to them to participate in the transition. For example, consumers who only receive cable, satellite or other pay-television services to view television will not need over-the-air converter boxes. Likewise, consumers that have televisions equipped with digital receivers will not need a converter box. These consumers will not need to apply

for a coupon as part of NTIA's program. By contrast, those households that wish to continue viewing over-the-air television with an analog television receiver must be educated about the need to obtain a converter box. Moreover, consumers who require converter boxes will also need to be aware that financial assistance is available through the Coupon Program.

We recognize that we must pay particular attention to certain communities to ensure that they are aware of the digital transition and are prepared to adapt to the required changes. Accordingly, NTIA has identified five target groups for its consumer education efforts: (1) seniors and older Americans; (2) the economically disadvantaged; (3) rural residents; (4) people with disabilities; and (5) minorities.

Senior Outreach

As I mentioned, Ketchum will be developing the consumer education program to drive awareness of the Coupon Program. Ketchum has deep experience working with seniors because they recently handled the consumer education for the Medicare Prescription Drug Program, bringing 40 million seniors to awareness about this program. A key part of what Ketchum will deliver for NTIA is to leverage the relationships and networks they developed with the Medicare Prescription Drug Program. As you know, America's seniors make up a large percentage of consumers served by governmental, social service, commercial, and non-profit organizations.

NTIA will leverage relationships with these organizations to reach the senior constituencies that they serve. For example, NTIA is working closely with the Administration on Aging (AoA) of the U. S. Department of Health and Human Services to capitalize on the agency's credibility and reputation for meeting the needs of seniors and their caregivers through a variety of home and community-based services. NTIA and AoA are discussing a variety of activities to ensure that seniors - - particularly those who have language barriers or are located in remote or rural areas - - are aware of and understand the Coupon Program. We are discussing various outreach strategies including working with AoA's national aging services network which reaches into every state, tribe and community in the United States.

NTIA is also collaborating with the AARP to ensure that the Coupon Program is highlighted in its publications and online newsletters. AARP The Magazine reaches 22.5 million of the organization's members and AARP Segunda Juventud reaches another 400,000 members. Earlier this month, NTIA participated in the AARP Members Convention in Boston, and the agency has been coordinating very closely with AARP for almost a year. NTIA is also working with the American Library Association to distribute posters and coupon applications to participating libraries, and to train librarians to help seniors fill out coupon applications. NTIA has also reached out to establish partnerships with other organizations including SeniorNet, an organization that supports about 200 senior learning centers across the country; the National Caucus and Center of Black Aged, Inc; and the National Indian Council on Aging. At the end of October, NTIA will participate in the National Hispanic Council on Aging Conference and distribute Spanish-

language materials about the transition. During the recent National Cable and Telecommunications Association convention, I participated on a panel hosted by Retirement Living TV, available via cable to 24 million households, for the purpose of raising awareness among seniors of the upcoming digital transition.

In addition to efforts targeted specifically to senior citizens, other consumer outreach efforts will also likely reach seniors. As I mentioned earlier, the Act allotted NTIA \$5 million for consumer education. To make the maximum use of these funds, we will leverage those dollars through partnerships with a diverse range of stakeholders. In this regard, I would like gratefully to acknowledge the support we have received from our many partners in the private-sector and the government who have stepped up to the plate to help inform consumers of the digital transition.

To date, we are actively seeking partnerships with over 145 groups and organizations, including 14 federal government agencies and departments.

Private Sector Partnerships

Over 120 business, trade and industry groups, as well as grass roots and membership organizations that share an interest in a smooth transition, came together earlier this year to charter the Digital Television Transition Coalition to ensure that no consumer is left without broadcast television due to a lack of information about the transition. The Coalition will use marketing and public education strategies, including paid and earned media placements, to distribute consistent, unified, and accurate information about the transition. NTIA will work with the Coalition to coordinate our messages. In particular, we encourage the industry to get the message out about the benefits of the digital transition. For example, consumers should be made aware that digital transmission is a more efficient technology that will allow broadcasters to provide a better viewing experience and give consumers more choices while using less radio spectrum.

NTIA is also expanding its outreach efforts into minority and rural communities. We will work with the United States Hispanic Chamber of Commerce and the United States Black Chamber of Commerce to disseminate coupon application information nationwide through retailers in predominantly Hispanic and African-American neighborhoods. NTIA is also partnering with the Southeast Asia Resource Action Center and Panasonic to translate and distribute coupon program information in Chinese, Korean, Vietnamese and Filipino communities. We are pursuing partnership opportunities with Koahnic Broadcast Corporation to disseminate coupon information to Alaskan Native villages, as well as with Native Voice One to reach tribal reservations through radio communications. In addition, NTIA will collaborate with the Appalachian Regional Commission to distribute information packets about the transition to 70 councils of government and local development districts representing 23 million people in 410 counties (42 percent rural).

Moreover, we have printed brochures in both English and Spanish to explain the digital transition and the options available to households depending on the type of television service they receive, and we have distributed copies of these brochures to every member

of the House and Senate, community organizations, constituency groups, and industry stakeholders. We have also established a toll free number, 1 -888-DTV-2009, to assist consumers who do not have Internet access, are hearing impaired, or who simply prefer to receive information about the Coupon Program over the telephone. We will ensure that materials we develop will include large print formats for seniors. In addition to the toll-free number, NTIA is working with disability organizations, such as the American Association of People with Disabilities (AAPD) to ensure that our information is in accessible forms to ensure disabled Americans are made aware of the transition.

The NTIA staff will also continue to participate in meetings and conferences over the next two years to spread the word about the transition and the Coupon Program through events such as the White House Faith-Based and Community Initiatives Conference, the recently completed AARP convention earlier this month, the Hispanic Chamber of Commerce annual conference being held next week, the upcoming Congressional Black Caucus meeting, the Rural Telecom Conference and the National Hispanic Council on Aging meeting. We will be hosting our second public meeting next week, on September 25, 2007, to discuss progress in educating the public about the Coupon Program. This public meeting will focus on our partnerships in the digital transition and will feature two CEO-level panels from the impacted industries, including participation from AARP. The public meeting will also include an expo in the Department of Commerce lobby that will include displays from over a dozen companies and organizations featuring products and services to enable consumers to make a smooth digital transition. We invite you to attend that meeting and welcome any suggestions or concerns you have about the Coupon Program. We note that the FCC will also be hosting a digital television consumer education meeting on September 26.

Government Partnerships

In addition to the private sector partnerships discussed above, NTIA will also leverage our relationships with other governmental agencies to extend the reach of our message. In particular, we will work with agencies that target economically disadvantaged Americans. We are presently in discussions with the Internal Revenue Service, the United States Department of Agriculture Food Stamp Program; the Social Security Administration; the Department of Veterans Affairs; the White House Office of Faith-Based and Community Initiatives; the General Services Administration; and the Department of Health and Human Services' Administration for Children and Families, the Centers for Medicare & Medicaid Services and, as mentioned previously, the United States Administration on Aging. As I noted above, we are also working in cooperation with the FCC to implement significant measures to increase awareness among the general public about the DTV transition and the Coupon Program. Both the www.DTV.gov webpage and NTIA's website, www.ntia.doc.gov/otiahome/dtv/index.html provide significant information about all aspects of the transition. I encourage the Members of this Committee, and all of Congress, to help us in this important effort by linking your own websites to these consumer education materials.

In conclusion, I want to thank the Special Committee on Aging for the opportunity to testify before you today. I will be happy to answer your questions.